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March 20, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

In re: CC Docket 96-45  
Ex Parte Submission

Dear Ms. Salas:

Antilles Engineering, Inc. ("Antilles") hereby submits these ex parte comments in the above-referenced Docket in order to bring to the Commission's attention a matter which does not seem to have been considered in adopting the rules applicable to Universal Fund Fees. The worksheet published for use in determining the revenue level applicable to interstate carriers alludes at one point to "call-back" operations, but nowhere in the orders adopting the universal service funding mechanisms does the Commission address how call back operations are to be treated for purposes of USF.

Antilles is an international call-back carrier certificated by the Commission to provide such service. "Call-back" is a method of calling used by telephone subscribers located outside of the U.S. and its territories to place international calls at reduced cost. The FCC sanctioned this type of activity in a ruling on June 15, 1995, stating international "call-back" service using uncompleted call signalling violates neither U.S. nor international law. It said that call-back is in the public interest because the resulting competition between U.S. call-back providers and foreign carriers charging higher rates ultimately lowers foreign rates to the benefit of consumers and industry abroad and in the United States. The Commission added, however, that U.S.-based call-back operators may not provide call-back using uncompleted call signalling in foreign countries where this offering is expressly prohibited by law.

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"Call-back" offerings enable customers abroad to access U.S. international service and pay U.S. rates for international calls rather than the generally higher prices charged by foreign carriers. One means of accessing U.S. international lines from a foreign country is by "uncompleted call signalling." This method allows a foreign customer to access U.S. long distance lines by placing a signalling call to a computerized device in the United States. The customer hangs up before the call is completed and thereafter receives a return call from the device which provides U.S. dial-tone. The call is then billed at U.S. rates.

A significant factor driving foreign PTTs to enter into accounting rate reform is the developing competition presented by U.S. call-back providers. In order to compete with U.S.-based call-back providers, foreign PTTs have a major incentive to lower their accounting rates and fall more into line with call-back rates over the same routes. Thus, it is in the best interests of the FCC to encourage U.S. call-back providers to actively compete with foreign PTTs and one means of accomplishing that is to exempt U.S. call-back providers from any and all U.S. surcharges, including mandatory contributions by U.S. call-back providers to the USF.

Antilles is a "pure" call-back carrier; that is, it originates no interstate traffic in the U.S. that is not a segment of an international call. Congress plainly intended only domestic interstate carriers to contribute to the USF fund. Otherwise it would have specified that international carriers should also contribute. In Antilles' view, therefore, call-back operations of this kind are, and should be under the provisions of the '96 Act, wholly exempt from contributions to the USF.

We should note that in a small percentage of cases, international calls originate outside the U.S. but terminate at a point in the U.S. In those circumstances, because of the nature of the call-back process, the call is received at the U.S. switching site and then routed on to the U.S. point by re-initiating the call from the U.S. switch at the direction and under the control of the initiating international customer. The switching process is entirely automatic. The only difference between this operation and an "ordinary" internationally originated call terminating in the U.S. is that the call is switched through the U.S. switching point by re-initialization in the U.S. rather than by direct re-routing through to the U.S. terminating point. The practical effect to the

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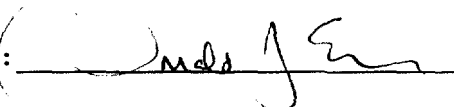
customer is the same as a direct foreign-to-U.S. call since the switching process is opaque to the user.

To avoid confusion in the call-back industry about the application of USF fee requirements, therefore, it would be helpful for the Commission to make clear that an international call is one which originates or terminates in a foreign country, regardless of the switching process employed to complete the call. Under this clarified definition, USF fees would clearly not apply to call-back carriers.

Antilles would be pleased to provide more information about its operations or call-back operations generally if the Commission should so desire.

Respectfully submitted,

ANTILLES ENGINEERING, INC.

By: 

cc: Ms. Lisa Gelb  
Ms. Emily Hoffnar